[This on-line version does not contain any tables, figures, charts, or graphs. To receive a published copy of this special study, contact the DISC, 1611 North Kent Street, Suite 200, Arlington, VA 22209-2111. Phone 703-351-4006; fax 703-351-4039; internet docorder@disc.mhs.compuserve.com]

USAID Evaluation Special Study No. 72
PN-AAX-287

Compensatory Social Programs and Structural Adjustment: A Review of Experience

by
David Kingsbury

Center for Development Information and Evaluation
U.S. Agency for International Development

May 1994

Acknowledgments

This report was prepared as part of a larger study for the U.S. Agency for International Development (USAID) on the impact of structural adjustment policies on the poor during the 1980s. One paper on the social costs of adjustment in Latin America and the Caribbean has already been completed, and a second one on Africa is being prepared.

I wish to thank Juan J. Buttari and Abbe Fessenden of USAID's Center for Development Information and Evaluation for their useful comments on the first draft and their support throughout the project. Alexandre Marc of the Social Dimensions of Adjustment Project of the World Bank was also very helpful in providing insights and documents on the evolution of the Bank's approach to compensatory programs. In addition, special thanks go to Elliot Berg who reviewed the various drafts and to Graeme Hunter who assembled background information on the social programs discussed in the study.

Summary

Study Objective

This study identifies lessons learned to date from the relatively brief experience of donors and developing country governments in designing and implementing compensatory programs in the context of structural adjustment in Latin America and Africa. The study uses short case studies of the major types of compensatory programs from Bolivia, Chile, Ghana, Mexico, and Senegal.

Common Types of Compensatory Programs

Compensatory programs refer to a fairly wide array of efforts

that can be broadly categorized as follows: (1) programs for creating employment and public works, (2) programs for ensuring access to publicly provided social services (e.g., health, education, and community development) for the most vulnerable, and (3) programs for improved targeting of subsidies to the most vulnerable.

The most common type of interventions are projects for employment creation through public works. Credit programs, targeted specifically to former civil servants and parastatal employees or more generally to the poor and unemployed are also common. Job training and severance pay schemes and, on occasion, agricultural resettlement programs are also carried out in the context of structural adjustment.

Providing social services through central ministries, local governments, or nongovernmental organizations (NGOs) is an element of programs commonly undertaken to alleviate the social costs of adjustment. Feeding programs for vulnerable groups and vaccination campaigns are also supported as are targeted food subsidies in the form of coupon or food stamp programs. The latter rarely entail establishing new programs; instead they involve better targeting of existing programs toward the most vulnerable elements of the population.

Although a broad array of programs have been implemented to address the "social costs of adjustment," one can seriously question whether many of these programs have had much to do with the negative impacts of adjustment. Of the compensatory measures cited only severance pay and other employment creation programs targeting laidoff public and quasi-public employees are clearly compensatory. Certain others, such as improved targeting of food subsidies and feeding programs, inhabit a gray area, that is, they may be compensatory in some contexts.

Certain interventions do not enter the gray area. Although laudable in other contexts, support to NGOs and local governments for institution building and decentralization is unrelated to mitigating potential negative effects of adjustment, especially as short-term measures.

Institutional Structures for Implementing Compensatory Programs

This report examines the institutional approaches used to implement compensatory programs. These approaches fall into two general categories -- the multisector approach and the sector-by-sector approach. In World Bank nomenclature, the multisector approach groups together into a single program actions in several sectors -- for example, health, education, agriculture, community development, and employment. This may be done using either a package of projects implemented by various line ministries or a social investment fund that makes grants to NGOs and local governments for social projects. The sector-by-sector approach involves separate freestanding projects in each sector but linked by a common purpose.

Justifications for Compensatory Programs

Proponents of compensatory programs justify them on grounds of equity, economic growth, and political concerns. Equity considerations are most commonly cited for programs targeted to the poor -- either the chronically poor or those who have been pushed below the poverty line as a result of adjustment measures. Equity advocates view safety net programs as normal elements of an enlightened government's set of public investments, although opinions on strategies for implementing them may differ. However, the need for safety net programs may be heightened under adjustment if the poor remain or become even more vulnerable in their capacity to meet their basic human needs.

Equity arguments are also used to increase the poor's access to publicly provided social services. In such cases, the economic reform process is viewed as an opportunity to redress problems of limited access to public services that preceded adjustment. Compensatory programs are also defended on efficiency grounds if they raise demand for labor -- especially of the poor. Because most developing countries are abundant in labor relative to capital, and because labor is the most valuable asset of the poor, implementing programs that raise the demand for labor is viewed as making short- and long-run economic sense.

The political justification for compensatory programs is often controversial and includes two elements: keeping the most vocal potential critics of adjustment content and building broad-based popular support for the adjustment program by providing public programs intended to demonstrate the government's sensitivity to the concerns of the populace.

The Case Studies

The case studies in this report briefly outline the major elements of each country's adjustment program and conclude with discussions on evidence pertaining to the likely distributional impact of reform measures. Each case study describes the nature of the country's compensatory programs and assesses the extent to which these programs reached the likely losers from adjustment.

The Bolivian Emergency Social Fund

The Bolivian Emergency Social Fund (ESF) was created in 1987 as a semiautonomous agency with support from the highest political levels. The ESF was designed to be a temporary, quick-disbursing program for funding relatively small and simple projects submitted by public, private, and voluntary agencies. In addition to creating infrastructure, the ESF was also an intensive employment program that sought to reduce unemployment, at least until the economy returned to a growth path.

As of April 1990, the ESF had approved more than 3,000 projects with a value of $181.1 million. Approximately 1,700 of these projects, with a value of $100 million, had been completed. At ESF's peak in September 1988, 20,000 people were employed, and by

April 1990 a cumulative of 383,000 person-months of employment had been generated. Most funding (87 percent) was devoted to constructing and rehabilitating social and economic infrastructure, such as schools, health clinics, water and sewage facilities, and roads.

The Ghana Programme of Actions to Mitigate the Social Costs of Adjustment

Since its inception in 1987, the $86-million Ghana Programme of Actions to Mitigate the Social Cost of Adjustment (PAMSCAD) has been hampered with coordination problems and delays in receipt of donor funding. At one point, PAMSCAD consisted of 23 project interventions across 9 sectors, with 13 different national agencies involved in program implementation and 13 different donors, including USAID and the World Bank. Program activities are in various stages of implementation; some components have been operating for several years while others only began in 1990. The Ministries of Finance and Economic Planning and regional authorities are jointly responsible for overall coordination, and the relevant functional ministries carry out individual projects.

The Chilean Emergency Employment Programs

In 1974, the Pinochet Government initiated efforts to thoroughly revamp safety net programs in public works employment, mother/child feeding, school lunches, housing, health care, and social security. The new approach to employment programs was partially implemented through the Emergency Employment Programs. These comprised two elements -- the Minimum Employment Program (PEM) and the Occupational Program for Heads of Household (POJH). At their height in 1983, these programs employed 500,000 people or 11 percent of the Chilean work force. They were by far the largest employment programs in Latin America.

Targeting was of two types--self-targeting and administrative. The PEM effectively self-targeted beneficiaries by setting wages at 25 percent of the legal minimum wage and requiring that participants be unemployed. To determine eligibility for social programs, the POJH used a sophisticated poverty index based on a municipality-administered household survey that had placed households in income deciles.

The Senegal Civil Servant Redeployment Program

The Senegal Civil Servant Redeployment Program was created in 1987 during Senegal's third structural adjustment program. Loans from two credit funds, the Fonds National d'Emploi and the Fonds Sp,cial, were targeted to laidoff parastatal workers, civil servants, and recent university graduates (who would normally have sought employment in the public sector). This $11 million effort provided interest-free loans ranging from $10,000 to $50,000 for creating small-scale enterprises.

The Mexico Tortibono Program

The Tortibono Program was a geographically and commodity based, targeted food stamp program for tortilla distribution to the poor. In 1983, Mexico eliminated global food subsidies as part of an adjustment package. Recognizing that this measure could have adverse effects on the poor, the Government instituted a food stamp program in 1987 that allowed recipients to purchase up to 2 kilograms per day of tortillas at 25 percent below the market price.

Findings

This report identifies the following tentative findings (discussed further in the concluding section) about compensatory program design:

For most of these social programs, stating that the prime objective is redressing the social costs of adjustment is inaccurate.

With the exception of redeployment and severance pay schemes for former public employees, few instances exist where analysts and decision-makers have coherently thought out the cause-and-effect implications of adjustment measures on income distribution and then incorporated these into compensatory program design.
Not much thought has been given to the implications of the opportunity costs of these programs.

If effectively implemented, multisector programs have a role to play in lending political legitimacy to the adjustment process.
There is strong reason to doubt the efficacy of multiagency, multisector programs as truly integrated approaches to short-run poverty alleviation and relief.

Little information exists on the long-term implications of these short-run programs on public and private carrying capacity.
For compensatory programs to be successful, governments must possess a clear commitment to them, independent of donor agendas.
Governments and donors need to take a hard look at the capability of existing institutions to implement short-run social programs cost-effectively and rapidly.

Care should be taken that efficient targeting of compensatory programs for the poor does not create a social stigma on recipients that will make it harder for them to escape poverty.
The long-run potential of emergency public employment programs to develop job skills is probably overestimated.

The Future Role of USAID

USAID should be cautious in becoming further involved in short-run compensatory programs undertaken within the context of structural adjustment. Many of these programs are not really compensatory, but are instead aimed at alleviating poverty. They should therefore be designed and evaluated as such.
The multisector, multiagency type of program does not have a good track record for performance because of the many coordinating

ministries and donors involved, unclear objectives, and the weakness of the public institutions called upon to administer them. In addition, USAID should avoid programs of the "crash" variety where lessons learned over 30 years of development experience dictate that carefully designed medium- to long-term efforts are required.

On the positive side, compensatory programs appear to have increased the legitimacy of economic reform in the eyes of the populace. Programs that effectively reach a broad base of support and develop reputations for streamlined administration and integrity in particular have had such an effect. Social investment funds run by semiautonomous units appear to have a greater probability of getting resources to grass-roots organizations more quickly and effectively than do multicomponent programs run through line ministries. Yet, as large-scale efforts, social investment funds may be most successful only under very special conditions: presence of a government that feels "ownership" of economic reform programs and is committed to broad participation in the development process, high-level political officials committed enough to helping the poor to waive standard spoils system practices (at least temporarily), and an implementing agency staffed by dynamic and qualified individuals. Under appropriate conditions, USAID Missions may wish to become involved in such efforts. If properly designed and implemented, such programs may have a substantial short-run, positive impact that furthers legitimate economic and political goals for fledgling governments sorely in need of displaying their ability to govern and to respond to people's needs.

Even though compensatory programs seek short-term gains, USAID and other donors should study the long-run economic and social implications of these programs. Because compensatory programs have not existed for very long, empirical evidence on their impact remains sparse. Further study is desirable on potential multiplier effects of investments, recurrent cost implications of development activities funded, sustainability of businesses assisted by redeployment programs, contributions to poverty alleviation, appropriate institutional design and sustainability, potential for reinforcing local institutions (NGOs, cooperatives, and local governments), and appropriateness as democratization initiatives. In addition, one should recognize that temporary programs tend to become permanent given the nature of public bureaucracies.

Glossary

AGETIP Program of Action for Youth Employment (Senegal)
CFA/CFAF Franc de la Communaut, FinanciŠre Africaine
DIRE Directorate for Insertion and Reinsertion into Employment (Senegal)
EMSAP Economic Management and Social Action Project (Madagascar)
ESF Bolivian Emergency Social Fund
ETF Employment and Training Fund (Tunisia)
FHIS Fondo Hondurno de Inversion Social (Honduran Social

Investment Fund)
FOSIS Fund for Solidarity and Social Investment (Chile)
GDIP Grassroots Development Initiation Project (Togo)
GDP gross domestic product
IMF International Monetary Fund
NEP New Economic Policy (Bolivia)
NGO nongovernmental organizations
PADS Social Development Action Projects (Chad)
PAMSCAD Programme of Actions to Mitigate the Social Costs of Adjustment (Ghana)
PAPSCA Programme for the Alleviation of Poverty and the Social Costs of Adjustment (Uganda)
PEM Minimum Employment Program (Chile)
POJH Occupational Program for Heads of Household (Chile)
PWP Public Works Project (Ghana)
SAF Social Action Fund (Somalia)
SAL structural adjustment loan
SDA Social Dimensions of Adjustment Program (Cameroon)
SEAP Social Emergency and Adjustment project (Argentina)
SEDSP Socio-Economic Development Support project (Guinea)
SIF Social Investment Fund
IRP Social and Infrastructure Relief Project (Guinea-Bissau)
SRF Social Recovery Fund (Zambia)
TEVTP Technical Education and Vocational Training Project (Togo)
UNICEF United Nation's International Children's Education Fund
USAID U.S. Agency for International Development

1 Background

Structural Adjustment and the Concern for Compensation

The World Bank initiated its first round of structural adjustment programs in 1979. In concert with International Monetary Fund (IMF) stabilization programs, structural adjustment programs were originally intended as short-term measures to improve balance of payments positions and to reorient incentives toward more rational and efficient use of resources. It was hoped that after a few years of austerity, temporarily derailed developing-country economies would be back on the path to growth.

By the mid-1980s, it had become clear that economic restructuring would be more complicated in most countries. World Bank and IMF programs were commonly criticized as failing to meet the unique needs of individual countries. More specifically, some observers were of the opinion that deeply entrenched structural problems could not be solved with short- or medium-run palliatives. In addition, they argued that the most vulnerable members of society were being harmed and little attention was being paid to alleviating their pain. This debate grew considerably more intense after UNICEF's publication of Adjustment With A Human Face (Cornia et al. 1987), which claimed that adjustment had a clear and direct negative impact on the poor. Counterarguments that the poor are worse off under nonadjustment provided little solace to those who felt that the international donor community had an obligation to protect the poorest of the poor.

Responding to this pressure, the World Bank since 1987 has included in its staff guidelines the requirement that policy framework papers and Structural Adjustment Lending President's Reports include analysis of the social impacts of adjustment, effects of adjustment on the urban and rural poor, and identification of measures for alleviating those effects (Zuckerman 1988). For Africa, the Social Dimensions of Adjustment Project was initiated in 1987 to ensure more effective "integration of social and poverty concerns in the structural adjustment process in Sub-Saharan Africa" (Grootaert and Marchant 1991). By the end of 1991, more than 28 countries were engaged in structural adjustment efforts with compensatory programs either being implemented or on the drawing board. Twenty-four of these countries were located in Africa or Latin America.

Study Focus and Approach

This study identifies lessons learned to date from the relatively brief experience of the World Bank and other prominent donors in designing and implementing compensatory programs in the context of structural adjustment in Latin America and Africa. The study uses a case-study approach to synthesize principal findings from the literature and interviews with knowledgeable experts.
Case studies are limited to Latin America and Africa for several reasons. First, the bulk of structural adjustment programs have been implemented in these two regions. Second, although the history of compensatory programs is brief, beginning around 1987, the experiences in Latin America and Africa are the longest. Compensatory programs in Eastern Europe may become prominent as part of adjustment efforts, but most have not yet begun or have less than 1 year of experience. Finally, this study is part of a larger effort by Development Associates Incorporated researchers under the U.S. Agency for International Development (USAID)-funded Consulting Assistance for Economic Reform project, which reviews evidence on the social impacts of adjustment in these two regions.

The terms social safety net programs and compensatory programs are often used interchangeably. In addition, redressing or mitigating the social costs of adjustment are terms used interchangeably with poverty alleviation. A principal theme of this study is that the failure to distinguish clearly among these terms has led to a great deal of muddled thinking. Often, the result has been a lack of clearly defined objectives for interventions whose stated purpose reportedly relates to addressing problems encountered during the transition from economic stagnation to growth. Moreover, if one mixes these terms uncritically, there is a risk of inadvertently implying that structural adjustment is responsible for poverty, when, in fact, the inappropriate policies pursued before the onset of adjustment are usually far more responsible. Inaccurate use of these terms therefore can make it easier for governments to use structural adjustment as a scapegoat for their own economic mismanagement. Clearly distinguishing these terms is not merely a semantic issue.

Zuckerman (1988) narrowly defines compensatory programs as "multisectoral, multidonor financed short-term... programs designed to redress the social costs of adjustment which combine several of the discrete types [of intervention] into one operation." The range of interventions generally falls within food policy, health, education, employment, infrastructure, and rural development areas. In differentiating among the institutional approaches that have been used to mitigate the social costs of adjustment, the World Bank (1990b) broadens the definition of compensatory programs by identifying two basic approaches -- the multisector approach and the sector-by-sector approach. The multisector approach groups together into a single program actions in several sectors-for example, health, education, agriculture, community development, and employment. This approach may be carried out using either a package of projects implemented by line ministries or a social investment fund that makes grants to nongovernmental organizations (NGOs) and local governments for social projects. The sector-by-sector approach involves designing separate freestanding projects in each sector linked by a common purpose.

Social safety net programs are permanent elements of many governments' social welfare strategies. In several Latin American and Asian countries, such programs have existed for 40 years or more. Although the history of social safety net programs in Sub-Saharan Africa is much shorter, the broad array of discrete public social sector interventions in the areas listed above predate structural adjustment. In most cases, such social interventions have been undertaken to alleviate poverty. Most experts agree that reaching the poorest of the poor is exceedingly difficult, and poverty alleviation strategies must be viewed in the long term. Most important for this study, one must recognize that poverty existed before structural adjustment and will exist afterwards. Its roots are economic, political, social, and cultural, extending far beyond the policy conditionality included in structural adjustment programs. Compensatory programs by definition are meant to compensate people for short-run negative effects specifically caused by structural adjustment.

This study attempts to identify lessons learned from both discrete (i.e., sector by sector) and multicomponent compensatory programs undertaken during structural adjustment. Figure 1 presents a diagram of the types of interventions considered and a sampling of some of the country-specific cases that appear in this study. Lessons learned from different types of discrete interventions are limited to those related to structural adjustment to avoid the redundancy of reviewing the vast literature on what constitutes proper credit program design or effective targeting of food subsidies. In these cases, the operative questions are, Have such programs been used effectively to ease the pain of adjustment for targeted groups? and, Are there any special issues that must be considered in the design and implementation of these programs when undertaken within the context of structural adjustment? In addressing the former question the study attempts to distinguish between those hurt by adjustment and the poor, although there is often a failure to make this distinction at the design stage of a project.

Section 2 summarizes some of the potential effects on various socioeconomic groups in developing countries of the most important measures implemented under adjustment programs. The section also examines compensatory programs undertaken to mitigate some of the effects of policies, as well as the economic and political justifications commonly offered for these programs. Section 3 identifies countries (mainly in Latin America and Africa) where such programs are either being implemented or are planned. It includes information on the types of interventions and institutions that carry them out as well as overall funding levels. Section 4 presents short case studies from Bolivia, Ghana, Chile, Senegal, and Mexico of the major types of programs (in terms of activities and organizational structure) that have been implemented. {Footnote 1} In each country case study, major elements of the adjustment program are briefly outlined and available evidence on the likely distributional impact of reform measures is discussed. Section 4 also examines the nature of the country's compensatory programs and assesses the extent to which these programs reached the likely losers from adjustment. The concluding section presents tentative lessons learned about compensatory program design and discusses the potential future role of USAID.

2 Who Is Affected By Structural Adjustment Measures

Incidence of Selected Structural Adjustment Measures

Table 1 summarizes hypothesized effects of some of the major adjustment measures included in reform packages, as well as compensatory measures that may be carried out to assist those who lose income or access to public services as the result of policy changes. Effects of adjustment measures are simplified because they ignore interactions between policy changes, which may be occurring simultaneously, and second-round effects of these changes. Nevertheless, Table 1 is useful for sketching out possible short-run winners and losers from adjustment and the types of public interventions commonly used to help the losers. Major adjustment measures include devaluation, trade liberalization (including tariff reform), market liberalization, and public expenditure rationalization.

Devaluation

Devaluation results in prices of tradable goods rising relative to nontradable goods, which in turn induces a reduction in demand for labor engaged in production of nontradables. Under rigid wages and imperfect mobility of production factors, the fall in the demand for labor engaged in the production of nontradables may result in short-term unemployment. This short-term unemployment is usually most pronounced for urban workers because governments that have pursued import-substitution strategies typically protect capital intensive urban industries. The inefficiency of these industries renders them noncompetitive when exposed to the rigors of market prices.

In the agricultural sector, devaluation leads to shifts in food demand away from imports and toward local production. If local supply is fairly inelastic, a short-run rise in local food prices and reduction in consumption will occur. Sometimes this change may be more than a short-run phenomenon, as is often the case in countries where the agricultural sector has traditionally suffered discrimination. Serious deterioration in the country's market infrastructure and its agricultural technology research and extension capacity makes it difficult for farmers to respond to more favorable price incentives. Rectifying the effects of such neglect requires a long-term commitment of resources and political will.

Yet, even in countries with a long history of bias against agriculture, farmers may be quick to respond to more favorable price incentives. This is especially true for export crops. Higher prices induce increased supply when production employs domestic resources intensively (relative to imported impacts). Small farmers generally benefit more than large industrial producers from a less overvalued exchange rate because their production technology is less import intensive. The increase in demand for their products raises income and induces greater production. However, these benefits are offset by higher prices of imported consumption goods and imported farm inputs. For assessing the net effect, it is always important to examine changes in the terms of trade.

Trade Liberalization

Major elements of trade liberalization include narrowing the variability of tariff rates (to reduce effective protection), lowering export taxes, eliminating red tape for exporting, and relaxing foreign exchange controls and import licensing procedures. Formerly protected industries suffer from tariff reductions. Lowering export taxes and eliminating bureaucratic meddling stimulate export sector supply and wages as the transaction costs of exporting are reduced. All of these lead to shifts in labor demand from noncompetitive to more competitive industries. Increased unemployment may be a relatively short-term phenomenon. However, if there has traditionally been an extensive public presence in economic activity, employment dislocations can be expected to endure for quite some time. This has been the experience of much of Africa over a decade of adjustment, and it is the prospect now facing Eastern Europe and the republics of the former Soviet Union.

In isolation, real incomes rise because of tariff reductions, cheaper imports, and more competitively priced local goods. However, trade liberalization is almost always accompanied by devaluation. {Footnote 2} Import price rises from major devaluations often cancel out any price reductions from lowering tariffs.

The biggest losers from trade liberalization are often government officials who have previously been able to extract economic rents from control over tariff and tax collection and from granting import licenses. Powerful businesspeople who use their influence to evade taxes and gain access to artificially cheap foreign exchange are also big losers. These two groups are often the most powerful behind-the-scenes opponents of reform.

Market Liberalization

Market liberalization involves aligning domestic prices more closely with border prices and changing the rules of the game for buying and selling commodities. Price liberalization commonly results in complete or partial removal of subsidies on food, fuel, other consumer goods, transportation, and industrial and agricultural inputs.

Food subsidy reductions are often the most visible and politically volatile element of an economic reform package. They result in lower real income for consumers, which leads either to cuts in household food consumption or attempts by households to maintain previous food consumption levels by curtailing other types of expenditure. As will be discussed in greater detail later, the extent of real income reductions vary by income group and must be carefully considered in the design of effective compensatory mechanisms.

For industry and agriculture, price liberalization may involve a package of higher prices for outputs at the same time that input prices rise. The net effect has a direct bearing on income, supply response, and input demand (including labor).

Reduction in Public Expenditures

A central theme of stabilization and adjustment programs is the need to reduce government budget deficits by cutting public expenditures. An obvious place to cut is employment in civil and parastatal bureaucracies that have become bloated and inefficient. Although the economic cost of severing redundant workers is negligible (productivity losses are insignificant), the political costs may be very high. {Footnote 3} Unemployment increases and, in most cases, less skilled, lower income civil servants are the hardest hit. Although conventional wisdom holds that these people are among the better off in society before being laid off, that view does not necessarily pertain to lower level public employees in countries with persistent high inflation rates, nonindexed wages, and frequent delays in payment of wages.

Social services may also be cut in an effort to reduce fiscal deficits. Despite many claims to the contrary, there is no reason to assume beforehand that structural adjustment necessitates cuts in social services to the most needy. This issue will be examined more closely in Section 4 of this study.

Types and Frequency of Compensatory Measures

A fairly wide array of programs have come to be labeled compensatory programs, and can be broadly categorized as follows: (1) creating employment and public works, (2) ensuring access to publicly provided social services (e.g., health, education, and community development) for the most vulnerable, and (3) better targeting of subsidies to the most vulnerable.

The most common types of interventions are generally projects to create employment through public works. Of the 29 countries included in Table 2, 16 had public works interventions either in the design or implementation stage. Credit programs are also common, either specifically targeted to former civil servants and parastatal employees or more generally to the poor and unemployed. Job training and severance pay schemes, often part of the same program, are also implemented. Occasionally, agricultural resettlement programs are carried out in the context of structural adjustment. Resettlement programs are included under the rubric of employment creation because that is often their primary goal.

Providing social services either through central ministries, local governments, or nongovernmental organizations (NGOs) is commonly an element of programs undertaken to alleviate the social costs of adjustment. Support to NGOs and local governments appears as a separate element because institutional strengthening is often an explicit goal of these programs. Institutional strengthening is a different objective from the simple provision of medical and educational supplies and extension.

Feeding programs for vulnerable groups and vaccination campaigns are also sometimes supported through compensatory measures as are targeted food subsidies in the form of coupon or food stamp programs. The latter measures rarely involve establishing new programs but instead entail improved targeting of existing programs toward the most vulnerable elements of the population. While a broad array of programs has been carried out to address the "social costs of adjustment," there is a serious question whether most of the programs appearing in Table 2 have much to do with the negative impacts of adjustment. The only clearly compensatory measures shown in Table 2 are severance pay and other employment creation programs targeting laidoff public and quasi-public employees. Certain others (e.g., improved targeting of food subsidies or feeding programs) inhabit a gray area and, in the right context, can be compensatory. One example is targeted food subsidies in instances in which devaluation results in cost increases of local nontradable food staples as resources are shifted to tradable export crops. Another example is targeting medical or educational supplies to the poor if user fees have been instituted for social services.

In most cases, however, social service interventions are supported as compensatory measures before first determining who will potentially suffer from adjustment and then designing programs explicitly for them. There is no reason for assuming beforehand that certain socioeconomic groups (including the poor) are hurt by adjustment, but, without doubt, some groups are harmed and some rough-and-ready empirical analysis is required to determine who they are. If cause and effect is not considered, it is questionable whether the real losers from adjustment can effectively be targeted by interventions in the gray area. Certain interventions do not enter the gray area. Although laudable in other contexts, support to NGOs and local governments for institution building and decentralization is unrelated to mitigating the potential negative effects of adjustment, especially as a short-term measure. More often than not, if such institutions are weak, using them to implement short-run programs leads to delays and frustration among potential program participants.

Justification for Compensatory Programs

Proponents of compensatory programs justify them on grounds of equity, growth, and political concerns. Proponents assume that (1) social groups harmed by structural adjustment, at least in the short run, can be identified; (2) policy reform alone cannot be depended on to alleviate the negative effects of structural adjustment on these groups, especially the poor (Ribe et al. 1990); and (3) ensuring preferential access to some of these groups and excluding others who are judged less deserving is desirable.

Equity considerations are most commonly cited for programs targeted to the poor -- either the chronically poor or those who have been pushed below the poverty line by adjustment measures. Equity advocates view safety net programs as normal elements of an enlightened government's set of public investments. However, the need for such programs may be heightened under adjustment if the poor remain vulnerable or become even more vulnerable in terms of their capacity to meet their basic human needs. {Footnote 4) Equity arguments are also used to increase the poor's access to publicly provided social services. Public resource allocation is often biased against the poor prior to structural adjustment. In such cases, the economic reform process is viewed as an opportunity to redress this imbalance. In examining characteristics of poverty in Asia, the World Bank (1990b) found that, within and across regions in many countries, the poor received disproportionately low shares of publicly provided physical and social infrastructure in both quantity and quality, which were not always justified by differences in productive potential. Low levels of public expenditure can also reinforce poverty, as evidenced in cases where subsidy biases favored rich versus poor regions (India), higher versus primary education (India and Bangladesh), rich farmer versus poor farmer irrigation (India), and urban curative versus preventive communicable disease health services (Laos and Indonesia). An important corollary follows: Because the poor lack political voice, they may be the first to suffer from public expenditure cuts unless their needs are explicitly taken into account during the design of the adjustment program.

Compensatory programs are also justified on efficiency grounds if they raise demand for labor -- especially labor of the poor. Because most developing countries are abundant in labor relative to capital and because labor is the most valuable asset of the poor, implementing programs that raise the demand for labor makes short- and long-run economic sense. If one accepts the premise that factor mobility is not perfect, thoughtfully selected public works projects and retraining schemes can be used to facilitate labor flows congruent with comparative advantage. Investment in human capital through primary education and preventive health care also raises demand for labor in the long run as the labor force will eventually be more skilled, healthier, and ultimately more productive. However, the question can be raised of whether short-run compensatory programs or longer programs and projects make the most sense for stimulating long-run supply response. The political justification for compensatory programs is often controversial and includes two elements: keeping the most vocal potential critics of adjustment content and building broad-based popular support for the adjustment program by providing public programs designed to demonstrate the government's sensitivity to the concerns of the masses.

The first political justification is especially controversial, because some of the losers from adjustment may not be especially deserving from an equity or efficiency standpoint. Those who benefited before adjustment may include civil servants, the military, university students, businesspeople, and politicians influential enough to extract bribes and such favors as rationed foreign exchange, cheap credit, government contracts, and subsidized commodities and services. Their losses may simply be losses in economic rent; however, from a pragmatic standpoint, they will continue to be vocal and are the groups most likely to attempt to derail the reform process. At best, compensating these segments of society can be viewed as efforts to build national consensus and bridge the temporary gap between austerity and growth. At worst, such compensation amounts to extortion by the well off, as they divert resources away from potentially more productive members of society or from those more needy.

Many observers believe that well-designed public works and other social programs have had a political impact in building popular support for adjustment programs. If such programs are reasonably quick in reaching a broad base of the population, they lend credence to the adjustment process by demonstrating that the government cares about the needs of the masses. However, as discussed in the section on Bolivia, such efforts often do not conform to compensation in the narrow sense. Rather they have more to do with bringing people into the development process who had been excluded prior to the onset of adjustment.

3 Prevalence of Compensatory Interventions During Structural Adjustment

As of May 1991, compensatory programs financed in part by the World Bank had been implemented or designed in 24 countries. The following discussion differentiates these programs by project composition and program activities and the types of institutional mechanisms put in place to implement them.

Classification of Interventions

The World Bank (1990b) identifies two basic approaches to implementing short-run compensatory programs -- the multisector approach and the sector-by-sector approach. The multisector approach groups together into a single program actions in several sectors -- for example, health, education, agriculture, community development, and employment. Examples from Africa include Cameroon, Chad, Ghana, and Guinea-Bissau. The sector-by-sector approach involves separate freestanding projects in each sector linked by a common purpose, such as in Senegal, Togo, and Tunisia.

As Table 3 shows, the most common elements of multisector programs include the creation of social infrastructure, support to NGOs and local government organizations, interventions in the health sector, provision of credit programs, and development of public employment programs. A great deal of overlap often occurs among these categories. For example, public employment projects are frequently carried out through NGOs and local governments to build social infrastructure. Credit and job training are sometimes elements of the same intervention.

The most common element of the sector-by-sector approach has been credit programs, usually for severed civil servants and former parastatal employees (see Table 4). However, the figures and classifications in Table 4 should be used with caution, because it is not always possible to determine clearly whether a discrete social sector intervention (e.g., maternal child care or school book purchases) was undertaken as an element of an adjustment program or just in the normal course of funding development programs under the broader rubric of poverty alleviation. Making such assessments is easier for more clear-cut cases, such as severance pay or credit programs for former public employees who were let go as an economic reform measure. In addition, most of the data are from 1990 and there are certainly more programs, at least in the design stage, now.

Classification of Multisector Programs by Institutional Characteristics

As illustrated in Figure 1, multisector programs are basically of two types: social investment funds, in which a single agency makes grants to local organizations for projects in the various social sectors, and the multiagency program, in which a coordinating body oversees projects implemented by several technical ministries. In addition, multisector programs may be administered by line ministries, by temporary semiautonomous units set up specifically for carrying out the programs, by NGOs, or by a combination of these.

Nearly all multiagency multisector programs are carried out by line ministries, usually with a specially created unit within the planning ministry responsible for the program's coordination. Occasionally, as in the case of Chad and Honduras, one or more of the components may be given to NGOs to run if they have proven expertise.

Social investment funds are implemented either by governments directly or by semiautonomous units, using contract employees recruited from the private sector. Table 5, categorizing multisector programs, indicates that social investment funds in Latin America tend to be implemented by semiautonomous units established for that purpose, whereas in Africa they are usually implemented by governmental units.

Social investment funds are generally designed to follow a demand-driven approach, which is essentially a grassroots strategy for eliciting felt needs of potential beneficiaries and working with participants to solve problems. The participants decide what activities will receive support and are also responsible for managing them. A supply driven approach is more top-down in nature. A central administrative unit decides who to target for assistance, identifies activities, enlists participants, and administers programs. A social program may have elements of both. In some countries with social investment funds, such as in Bolivia and Chile, experience shows that it is difficult to reach the poorest of the poor with demand driven approaches, because they are often unable to organize effectively and need special attention for soliciting funding. Those with relatively higher incomes tend to be better organized and more capable of taking independent initiatives.

Program Costs

Table 6 provides costs for programs for which data are available. The list is far from complete, and in the case of discrete social projects, it is often unclear what is a compensatory program and what is a general development project. The sizes of the programs vary greatly, with the largest ones generally located in Latin America. In most cases, the African programs are smaller, although with notable exceptions. The multicomponent Ghana Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) and Cameroon Social Dimensions of Adjustment (SDA) programs are quite large by Sub-Saharan Africa standards. Unfortunately, no complete databases are available to provide information on either the duration of the programs or breakdown of shares financed by different donors. In most cases, the World Bank has taken the lead in assisting governments in program design. The World Bank has also been the largest donor, although quite a few other multilateral and bilateral organizations are involved in these programs. The plethora of donors can make program coordination difficult. The Bolivian Emergency Social Fund (ESF) program had funding from 12 donors; however, because the senior Bolivian program managers had a very clear vision of program objectives, they were able to keep donor coordination from becoming a major problem.

This section reviews experience with compensatory interventions at the policy and at the program and project levels in several countries. Projects and programs are roughly divided according to whether they are designed as multisector programs or sector-by-sector stand-alone activities performed during a period of structural adjustment.

Multisectoral Programs

Since about 1987, multisectoral programs have been increasingly used to integrate the needs of the poor into the structural adjustment process. Multisectoral programs have been initiated in at least 24 countries within the context of adjustment. {Footnote 5} These programs fall into two broad categories: (1) social investment funds administered by a central body, either within government or semiautonomously and (2) multicomponent, multiagency programs overseen by one ministry but with a series of projects implemented by several line ministries. Although many multisector programs have recently been initiated or are currently on the drawing board, only a handful have been studied closely. This section examines two case studies -- the Bolivia ESF and the Ghana PAMSCAD.

Social Investment Funds: The Case of Bolivia

The most studied multisector program is the Bolivian ESF. It was the first program to receive significant World Bank support to protect the losers from adjustment. USAID was also an important donor. {Footnote 6} The ESF is generally regarded as one of the most successful compensatory programs because it is perceived as having accomplished a great deal in a short period of time and with a fair degree of integrity. Although few observers would present the ESF as a blueprint for multisector-type interventions elsewhere, discussing its strengths and shortcomings can be valuable for assessing the probability of the success of similar programs in other countries.

The ESF was established by the Bolivian Government in 1986 to reduce the social costs of the severe economic downturn of the 1980-1985 period. More specifically, the program aimed to protect the poor and others against the potential adverse impacts of the subsequent macroeconomic stabilization and structural adjustment program initiated in late 1985 with support from the International Monetary Fund (IMF) and the World Bank. The structural adjustment program, the Bolivian New Economic Policy (NEP), was intended to reign in hyperinflation, which had exceeded 8,000 percent in 1985 and had paralyzed economic activity. {Footnote 7} Hyperinflation resulted from the previous Government's inability to reduce the fiscal deficit, which totaled 27 percent of Bolivia's gross domestic product (GDP) in 1984.

The following major elements were part of the NEP:

Significant devaluation of exchange rates, which was accomplished through daily currency auctions run by the central bank. The devaluation narrowed the margin between the parallel and official exchange rates to 1 to 2 percent.

Elimination of all subsidies, including subsidies on food, public services, and utilities.

Freezing of public sector wages and removal of numerous expensive perquisites (such as bonuses, supplementary wages, and free commodities).

Tax reform, including establishment of an indirect tax on fuel, a value-added tax, and improvements in collection procedures.

Imposition of a single uniform tariff, which substantially lowered effective protection.

Liberalization of interest rates and removal of restrictions on foreign currency transactions.

Removal of an extensive network of price controls.

The lack of detailed household income and expenditure data make it difficult to determine precisely the effects of the NEP on socioeconomic groups in Bolivia. Nevertheless, several qualitative statements can be made with some confidence. The World Bank's 1990 poverty assessment came to the following tentative conclusions (World Bank 1990a).

Hyperinflation was immediately arrested. Consumer price increases in La Paz were cut to 66 percent in 1986 and 11 percent in 1987. In general, lower inflation had a positive impact on output and on public welfare because people were no longer forced to engage in time-wasting activities, such as queing up to hoard commodities as soon as they had cash. In addition, the normal tradeoff that exists between lowering inflation and growth did not apply in this hyperinflationary climate. Before adjustment, growth had completely stagnated, real incomes had fallen, and people had ceased using local currency for exchange, basing transactions instead on either foreign exchange or barter. This meant that changes in relative prices denominated in the local currency had little meaning, except for official state transactions.

Although not quantifiable, the World Bank report hypothesizes that the positive effects of stopping hyperinflation were perhaps greatest for the poor because price stability reduced the need for timely market information to which the poor usually had the least access.

According to the World Bank team, comparing parallel exchange rates before adjustment with official rates during adjustment indicates a significant real exchange rate appreciation. This occurrence was partially due to a rise in demand for domestic currency as stabilization made it more attractive than during the hyperinflationary period. In the agricultural sector, the higher exchange rates contributed to a fall in real prices and output of commodities produced primarily by small highland farmers for the domestic market (e.g., corn, wheat, potatoes, and onions) when compared with the 1980-1985 period. In addition, anecdotal evidence indicates an increase in illegal food imports from neighboring countries as the competitive position of Bolivian food crop production eroded, while export crop production (quinoa, fruits, and coffee, for example) rose. The latter crops came mainly from estate agriculture (although some quinoa and coffee emanated from smallholders).

Small farmers also suffered from the imposition of the fuel tax because truck transport was important for marketing their surpluses. On balance, the dual effects of exchange-rate appreciation and higher fuel prices hurt small farmers who marketed nontradables.

Changes in the exchange rate probably helped the urban poor because their purchasing power expanded. Food became cheaper as a result of the sharp increase in unrecorded food imports. With a stronger domestic currency, people paid less for these imports than under the previous parallel exchange rate.

The fairly flexible nature of labor mobility in Bolivia may have resulted in some labor migration from the nontradable, crop-producing highlands to the export-crop producing lowlands; and evidence indicates that such a trend had begun prior to adjustment. However, for those remaining in the highlands, few alternatives to agriculture existed, and these options were not terribly remunerative (one example is cross-border trade, popularly known as the "ant trade," where people carried goods on their backs).

Reducing public sector employment adversely effected redunant workers in that sector, especially the 23,000 COLIMBOL (the tin mining parastatal) employees who were laid off and had few transferable skills. However, several points should be noted. First, former miners received very generous severance payments ($3,000 per employee). Second, even in the absence of the NEP, substantial layoffs were inevitable as world tin prices dropped significantly in 1986 and COLIMBOL had been running massive deficits even before the collapse of tin prices ($2 million per month in late 1985). The fall in mining output and employment had important negative multiplier effects on those who provided ancillary services to the mining sector and its employees. With few transferable skills, the miners had limited alternative employment opportunities, and investment expansion was weak. The burden from tax reform (a value-added tax on formal sector transactions and a complimentary 10 percent tax on income) probably hit formal sector workers and public employees the hardest. Informal sector participants continued to be able to evade most formal taxation.

Removal of price controls reduced opportunities for corruption and, by bringing activities into the open, lowered transaction costs. The poor may have been helped somewhat by this, although they had successfully evaded price controls in the past (but presumably at a cost). Although impossible to quantify, public officials who had previously been on the receiving end of bribes in exchange for evading controls were the biggest losers. Therefore, the major short-term losers from adjustment may be tentatively identified as severed public and parastatal employees, public sector employees who saw their wages frozen and lucrative perquisites removed, rural highland populations primarily dependant on nontradable crop production for their incomes, and public officials who lost rents as economic decision-making became more an affair of the market than of the Government.

As a semiautonomous agency with support from the highest political levels, the ESF was designed to be a temporary, quick-disbursing program for funding relatively small and simple projects submitted by public, private, and voluntary agencies. {Footnote 8} In addition to creating infrastructure, the ESF was an intensive employment-generation program that sought to reduce unemployment, at least until the economy returned to a growth path. It was to cease operation by the end of 1989 but was later extended to March 1991, after which its mandate was switched to various permanent government agencies.

As of April 1990, the ESF had approved more than 3,000 projects with a total value of $181.1 million. Of these, approximately 1,700 projects had been completed for a value of $100 million. At its peak in September 1988, the ESF employed 20,000 people and by April 1990 a total of 383,000 person-months of employment had been generated. Of all World Bank-supported multisector programs to date, none comes close to the ESF in the volume of employment generated and infrastructure created. Most funding (87 percent) was devoted to constructing and rehabilitating social and economic infrastructure, such as schools, health clinics, water and sewage facilities, and roads. The remaining 13 percent of funds were disbursed for providing social services, small credit programs, and cooperative development. Table 7 provides further detail on the magnitude of the ESF's accomplishments.

How were ESF administrators able to accomplish so much in such a short time period? How successful was the ESF in aiding its intended beneficiaries and the losers from adjustment (not necessarily the same groups)? To answer the first question, it is instructive to examine the conception of the program and the personality of its first chief administrator.

The ESF was conceived not by donors but by the Bolivian Government. This democratically elected Government had perhaps much more popular legitimacy than most governments undertaking adjustment programs. President Victor Paz Estenssoro was widely considered the father of the 1952 revolution that had ushered in a legacy of statist economic policies. However, he had no government role during the 1980-1985 economic crisis and was therefore untainted by association with the military regime in power at that time. His unique status enabled him to "undo" his own revolution (Graham, forthcoming). He had a strong working relationship with the legislative branch and recognized the need to assist the poor who had greatly suffered during 10 years of economic decline.

Only after the initial vision had taken root in the Government and had the enthusiastic support of the president did Bolivians approach international organizations, such as World Bank and United Nations Development Programme, for assistance. The first executive director of the ESF, Fernando Romero, was dynamic and persuasive in advocating the ESF to government officials and potential donors. One of the reasons for the ESF's initial success was substantial political support from the highest levels. However, without a forceful personality, such as Romero, at the helm and the commitment of the president to keep the ESF apolitical, this effort could easily have become a double-edged sword. Romero successfully resisted efforts to make the ESF a tool for political patronage, and politicians knew he had the backing of the president on this. Therefore, projects were appraised on technical merits more than is typically the case. {Footnote 9} It has often been observed that one element of successful, broad-based development programs (the Grameen Bank in Bangladesh, the Karnataka Dairy Cooperative in India, for example) is the presence of charismatic and visionary leaders at the inception of the programs. The ESF at least partially conforms to this pattern.

The originators of the ESF did not at first view the program as a means of alleviating the social costs of adjustment. The ESF program gained its original sense of urgency from the severe economic turmoil of the period before adjustment. It was only after World Bank funding was granted in late 1986 and the fallout from the 1987 publication of Adjustment With A Human Face (Cornia et al. 1987) that the ESF became characterized as a device for compensating the losers from adjustment.

Administration of the ESF was deliberately placed outside of normal permanent line-ministry channels for several reasons. First speed was of the essence and there was a high-level political imperative to show concrete and legitimate impact quickly to garner support for the economic reform program. Government agencies were considered too slow and inflexible; their contracting procedures tended to drag on interminably and awards were based on patronage. Second, the demand driven philosophy of the program's originators was foreign to the more authoritarian and paternalistic attitudes of ministry officials when it came to dealing with the poor. Finally, operating outside of civil service pay scales enabled the ESF to attract a much higher caliber of staff than would have been possible if the ESF had been placed within the Government. If the ESF had initially been envisaged as a potentially permanent institution, it would probably have been placed within a ministry or split among several public agencies.

Because the ESF's leadership had a clear and consistent vision of its mission, it was effective in managing its donors. Donors were obliged to follow ESF procedures and were not allowed to design or identify their own pet projects. Donor funds either entered the common pool of funds or were targeted to specific categories of projects (but not to individual projects of the donor's choosing).

The ESF leadership had a coherent vision of the public sector's role in encouraging private sector development. The private sector is broadly defined as not only businesses but also private voluntary organizations and grassroots organizations. Although mutual distrust and ambivalence often exist between public and private entities, here there was more of a partnership. This partnership reinforced the overall adjustment program that sought, at a policy level, to establish the proper economic incentives to encourage private sector development.

Although the ESF operated across sectors (e.g., health, education, agriculture, and roads), projects within sectors were straightforward and efforts to standardize contract costing procedures were successful. Nevertheless, something more than simple construction or employment creation was created. According to Moser (1991), the ESF strengthened the ability of private groups and local governments to administer projects and organize and solicit state funds for social services.

Finally, the ESF was a major factor in fortifying the political sustainability of the adjustment process. Although many observers point out that the ESF made only a dent in unemployment, Graham (1992) quotes ESF executive director Romero as saying: "The perception that the government is doing something to make the adjustment process less painful or costly is important to the political process of sustaining development." In the 1989 elections, 65.4 percent of the electorate voted for parties that had committed themselves to continuing the reform program (Cariaga 1990). Although a significant share of this favorable popular response may be attributable to the NEP's success in ending hyperinflation, most observers believe that the ESF also made an important contribution to keeping the adjustment program on track.

Despite the many accomplishments of the ESF, there were some shortcomings, as well.

To the extent that losers from adjustment and winners from the ESF can be identified, it appears that the ESF was not terribly effective as a compensatory mechanism.

There are three principal ways in which Bolivians could have benefited from ESF operations: directly and immediately from ESF wages received in exchange for construction labor; directly, but probably with a lag, if living in a community in which ESF-sponsored infrastructure was created; and indirectly from the second-round effects of ESF workers spending their wages on goods and services with local value-added. As previously discussed, the main losers from the NEP can be tentatively identified as severed public and para-public employees, public sector employees who saw their real wage and nonwage incomes fall, rural highland populations who were primarily producers of nontradable crops, and public officials who lost rents.

Because of data problems, evidence on how those who lost from adjustment correspond to those who benefited from the ESF can be only roughly discerned. In terms of compensating severed public sector workers, the ESF did not perform well. One element of the adjustment package involved reducing the number of tin mining parastatal employees from 30,000 to 7,000. The 23,000 redundant workers each received $3,000 in severance payments {Footnote 10} which was 5 times the per capita gross national product. The generous severance payments, the relatively low wages of unskilled construction work, and the incompatibility of workers' skills, resulted in only 10 percent of the miners participating in the ESF (Jorgensen et al. 1991). The vast majority of miners relocated in the informal sector, which is probably not a terribly significant shortcoming of the program if the goal was to alleviate the suffering of the poor. The most visible direct losers from the adjustment program were left sufficiently well off so that it was not imperative to seek further public assistance beyond their severance payments. Nevertheless, Jorgensen et al. (1991) make it clear that one of the prime political motivations for establishing the ESF was to respond quickly to the public demonstrations of miners, which had threatened to topple the Government early in the adjustment process.

The ESF provided few, if any, direct employment benefits to public sector employees who had lost income from wage freezes and reduced nonwage income (both legitimate and illicit as in the case of lost economic rents). To the extent that these employees lived in communities receiving ESF-sponsored social infrastructure, they may have received some indirect benefits. As for direct wage benefits to nontradable producing farm households, the ESF almost certainly failed. The ESF was more successful at generating work for unemployed construction workers, who typically were urban, male (99 percent), married, heads of household, and the sole family income earners. They were by and large from the poorer segments of the urban population (Graham 1992); therefore, they considered ESF wages more attractive than did the former tin miners. Determining how much of their suffering was due to the general economic decline from the adjustment program is difficult. Nevertheless, some construction workers would certainly have been adversely effected by the drop in demand for their services occasioned by the closing of mines in the highlands (a post-1985 development). Data problems make it more difficult to gauge what indirect effects existed for rural nontradable producers. However, Jorgensen et al. (1991) provide evidence that ESF benefits were distributed rather regressively (in terms of project disbursements to relatively better-off and worse-off administrative areas). In dividing departments into five poverty areas, they found that per capita disbursements to the least poor area totaled $23.97 and to the poorest area only $9.45, with a national mean of $18.20. This finding, combined with anecdotal evidence that the ESF's demand driven approach was not terribly successful in identifying and funding projects in poor and rural areas, leads to the tentative conclusion (but admittedly with very little precision), that the segment of the rural population most hurt by adjustment measures received little compensation from the ESF. In all fairness, however, reaching these populations was difficult and ESF administrators were aware of the problem and tried to deal with it. In fact, the few projects that reached these remote areas were among the first in memory because of the long years of official neglect.

It remains unclear whether a demand driven program can effectively target the poorest of the poor (who by no means always lose from adjustment but who may have in the Bolivian case). To reach them, it may be necessary to revert to a more supply-driven or top-down approach, essentially designing projects for the poor and assisting closely in project implementation. As with any top-down approach, the method runs the risk of imposing what is "best" from the outside. Moreover, because reaching the poorest of the poor generally takes more time and effort, one may question the extent to which short-run, quick-disbursing crash programs can effectively meet their needs. Other weaknesses of the ESF center on implementation problems, a lack of clarity about the program's long-term implications for poverty alleviation and public action, and increased politicization of decision-making.

The most commonly cited shortcoming of the ESF is that the pressure to move money quickly to demonstrate that the Government was serious about redressing the economic situation resulted in a project portfolio of uneven quality. There were numerous incidents of ESF staff granting funds to activities they knew were uneconomic, redundant, or technically below standards. The ESF has also been criticized because it operated outside normal government channels. Instead of attempting to improve the capacity of existing institutions already possessing social service mandates, a new institution was created in an effort to get results quickly. Although the ESF was never intended to be permanent, the danger exists that grassroots organizations, now possessing a greater capacity to seek support for social services, will simply be frustrated as the central government agencies that have taken on some of ESF's functions fail to perform effectively.

Little on-the-job training occurred because the work demanded only minimal skills and workers, most of whom were recruited directly out of the construction industry, already possessed the requisite skills. Therefore, the program did little to enhance long-run employment prospects of those who could have perhaps benefited from vocational training.

Although Director Romero was initially successful in maintaining the ESF as an apolitical institution, continuing to do so became increasingly difficult as the various competing political parties rushed to take credit for the ESF's success. Remaining apolitical was made even harder during the 1989 local elections, when competing pressure for patronage became severe. There was evidence that the ESF was succumbing somewhat to party politics and the staff appeared to be less protected from political pressure. The message here is obvious -- even the most successful organizations are fragile in their dependency on the presence of a few individuals to maintain integrity. This is as much a problem under democratic regimes as under authoritarian ones.

Multisector, Multiagency Programs: The Case of Ghana

Multisector programs are basically of two types: social investment funds, similar to the Bolivian ESF, in which a single agency makes grants to local organizations for social sector projects and the multiagency program in which a coordinating body oversees projects implemented by social ministries. The longest running multisector, multiagency program is the Ghana Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD), which was initially designed in 1987.

Adjustment in Ghana began in 1983 with the Economic Recovery Program, which was developed in consultation with the IMF and the World Bank. The Structural Adjustment Program succeeded the economic recovery program in 1987. {Footnote 11} Components of the Ghanaian adjustment effort have included the following:

Devaluation of the exchange rate, first by official devaluation and later by the establishment of a phased-in foreign currency auction system that initially covered a limited number of external transactions and by early 1988 covered nearly all transactions. In addition, private foreign exchange bureaus created for free buying and selling of foreign exchange.

Improvement of incentives for cocoa producers by eliminating export taxes, increasing producer prices, and reducing the role of the Cocoa Marketing Board in production, input provision, and output marketing. The Board's overhead costs were reduced by laying off more than 17,000 employees and eliminating input subsidy payments to producers.

Divestiture or liquidation of more than 35 state-owned enterprises by 1990 with an additional 40 planned divestitures in 1991 and 1992.

Public sector retrenchment, which resulted in the severance of 26,000 workers in 1989 and 1990 and increases in pay for remaining civil servants, especially the more senior level workers.

Increased public expenditure on rehabilitation of economic and social infrastructure, resulting in public investment rising from virtually zero before adjustment to 7.4 percent of GDP in 1990.

Liberalization of interest rates.

Removal of most price controls.

Tax and tariff reform.

Effects of adjustment on most socioeconomic groups have generally been positive. Higher cocoa prices resulting from devaluation and more efficient marketing have benefited rural producers, both poor and nonpoor. Health and education indicators show positive trends from higher incomes and increased social sector public investment.

Severed public and parastatal employees have lost most from adjustment. Other losers include government officials who lost economic rents from their previous command over artificially cheap foreign exchange, import licenses, price controls, subsidized credit, and other administratively rationed items. Since its inception, the $86 million PAMSCAD has been hampered with coordination problems and delays in receipt of donor funding. At one point, PAMSCAD was composed of 23 project interventions across 9 sectors, with 13 different national agencies involved in program implementation and 13 different donors, including USAID and the World Bank (see Table 6 for a complete list of donors). Program activities are in various stages of implementation; some components have operated several years while others only began in 1990. The Ministries of Finance and Economic Planning, and Local Government are jointly responsible for overall coordination, whereas the individual projects are carried out by the relevant functional ministries.

In August 1990, a multidonor team composed of representatives from the World Bank, USAID, Canadian International Development Agency, Great Britain Overseas Development Administration, United Nations Development Programme, UNICEF, and the World Food Program reviewed the program. Their findings are discussed below.

The program was too complex, with too many government agencies pursuing separate agendas and too many donors providing financing with a wide array of different administrative procedures. The review team recommended cutting interventions from 23 to only 4. For several reasons, the program had not fulfilled one of its objectives -- quick-disbursement of funds targeted to the short-term needs of vulnerable groups -- those made vulnerable from adjustment and the chronic poor. For most donors, lags of 1 to 2 years between making funding pledges and disbursements were common. The transfer of funds among the various established bank accounts had been inordinately slow. Delays of more than 1 year were especially common in the case of counterpart funds, resulting in serious depreciation of the value of local currency generations before funds reached projects. Finally, nearly one-half of the funds disbursed as of mid-1990 (48 percent) had gone for logistical support of ministries (euphemistically referred to as "institution building").

Decision-making was overcentralized, at the national and regional levels. For one activity, the Community Initiatives Project, which was to function as a demand-driven social investment fund, district-level officials often submitted project lists to central authorities for funding while ignoring project requests at the village level.

The review team identified additional problems as well, including the ineffective targeting of vulnerable groups based on socioeconomic status, gender, and geography and insufficient monitoring of program impact on addressing the problems of vulnerable groups. Despite stated objectives about targeting the vulnerable, it seems fairly clear that the priority of the primary design stage was to blanket the entire country with projects, rather than target poorer regions or vulnerable socioeconomic groups. For example, the Community Initiatives Project was designed to operate in all 110 districts of Ghana's 10 regions. The various agricultural and small enterprise credit programs were also designed to be nationwide, resulting not only in poor targeting, but also in increased difficulty administering the program.

The longest running subcomponent of PAMSCAD is the Priority Works Project, which, as of August 1990, was 1 year behind schedule because of financial and administrative bottlenecks. The objective was to create 10,000 productive jobs over a 2-year period through labor intensive public works projects. The program instituted below market wages as a self-targeting mechanism to attract the poor. According to Moser (1991), limited data suggest that the project provided some urgently needed temporary wage labor, as well as benefits to construction contractors who had suffered from the economic downturn. The prospect for skills transfer, however, is probably limited, because most of the public works activities called for unskilled labor.

Another PAMSCAD activity is the Credit Scheme for Small Scale Enterprises, whose main objective originally was to provide the redeployed and unemployed with lines of credit for forming new small businesses in urban and rural areas. A $2 million revolving fund was created for this purpose. As of March 1990, 109 loans had been approved, with only 23 loans issued for new businesses; the remaining 86 were for preexisting businesses (Moser 1991). For the most part, direct beneficiaries are not the poorest segments of the population nor the formerly unemployed, {Footnote 12} but rather small entrepreneurs who might have had to close or reduce operations to more modest levels in the absence of credit. Most of the funds have been used as working capital (not investment capital) in metal and leather work, auto mechanics, bakeries, poultry raising, and carpentry. According to Moser (1991), the absence of a training component is a serious drawback of the credit program, because most of these small entrepreneurs lack business and managerial skills and are unfamiliar with credit application procedures. As of early 1990, loan repayment had been slow, adversely effecting replenishment of the revolving fund.

A United Nations Development Programme team evaluating the Social Dimensions of Adjustment Program is very tough on multisector programs administered by multiagencies (UNDP 1990). The team criticizes multisector programs as "not bounded by any particular set of rules or governing principles." In most cases, such programs comprise a hodgepodge of social programs that have little to do with identifying and helping those hurt by adjustment combined with a smattering of projects intended to assist the direct losers from adjustment (e.g., employment programs for laidoff public employees). Although individual components may have merits as stand-alone activities, the multisector approach generally ignores all the lessons of the 1970s on integrated rural development programs that call for simple and clear design. Additional misgivings of the team include the open-ended notice of fund allocation, the difficulty of monitoring and evaluating impact in the absence of clear objectives, lack of coherence among program subcomponents, and the difficulty of coordinating activities among all the host government and donor institutions implicated.

A review of the variety of PAMSCAD subcomponents confirms the evaluators' claim that, while individual components may have merits as stand-alone projects, there is little overall cohesion and connection to adjustment. While it may be argued that public works and credit programs alleviate the pain of economic reform, deworming programs and small-scale gold mining projects may push the linkage too far (Alderman 1991). The multidonor review team recommended cutting program components to four: a self-help or social investment fund, a hand-dug well and sanitation program, an agricultural credit program targeted geographically to poor areas, and a nonformal education program. Perhaps only one, the agricultural credit program, could be linked to mitigating the social costs of adjustment. Ironically, the review team recommended terminating the only purely compensatory program, the redeployment program for former civil servants. The review team argued that civil servants should remain eligible for PAMSCAD activities but not receive any preferential treatment. Clearly, the desire was to use PAMSCAD as a poverty alleviation program, relegating its compensatory role to the backburner.

The public works and credit program experience highlights one problem related to the short-run nature of multisector programs. There is often a failure to incorporate widely accepted lessons in the design of individual subcomponents. As a general rule, successful implementation of certain types of interventions requires a long-term perspective.

For example, credit programs for small-scale entrepreneurs are rarely successful when undertaken as crash programs of 2 to 3 years duration. Extending credit to people with no prior business experience (e.g., former civil servants, recent university graduates, laidoff miners) is generally a bad risk and will rarely result in sufficient numbers of "bankable" requests or acceptable repayment rates (see Section 4, Senegal redeployment program). Simply stated, a grassroots credit scheme designed in the context of structural adjustment is no different from one designed in its absence (except that the policy environment under adjustment may be more conducive to success). Lessons from successful interventions (the Grameen Bank and others) are well established and include the following: commitment must be long term, subsidized credit is financially unsustainable and often results in the exclusion of the poor, poor women are often better credit risks than affluent men, and numerous strategies exist for ensuring good repayment rates involving minimal levels of policing, coercion, and overhead costs. In summary, although credit schemes may be completely out of place as short-run, unemployment-reducing compensatory measures, if properly designed, they can be perfectly valid long-run poverty alleviation or private enterprise development activities.

The same general lesson applies to public works employment schemes. In such projects, short-run objectives of income relief are often unrealistically linked to long-term employment enhancement. Whereas both goals are laudable when pursued separately, they usually conflict when combined under the same activity. If the short-term goal is to employ as many of the poor as possible, and self-targeting is achieved through payment of extremely low wages, the bulk of wages will be allocated to unskilled labor and little skills transfer will take place. Most skilled labor will be performed by those already possessing the requisite skills. This has been the experience in Ghana, Bolivia, and Chile. If the long-term goal is human capital investment, then traditional vocational training and other educational interventions may be more appropriate. Again, the fact that these programs are undertaken within the context of structural adjustment does not imply a different design.

Sector-by-Sector Programs

For definitional clarity, this report considers a multiagency, multisector program as one initially designed within the context of structural adjustment as an integrated package with an officially designated coordinating body. In practice, it may be difficult to separate sectoral programs from multiagency, multisector programs. If central coordination of the program is poor and no clear complementarity exists among the projects, then there are no concrete differences distinguishing multisector programs from individual sector programs. Such arrays of projects are "programs" in name only.

Sectoral programs have the advantage of being much easier to implement than multisector programs. Usually only one ministry is involved and implementing agents are of the same general technical background (e.g., agriculturalists, public health experts, educators). There may also be fewer donor agencies. Obviously, coordination is much simpler under such circumstances. The major drawback of sectoral programs is the absence of an integrated approach if one is attempting to wed short-term relief to longer term development problems (as is often the case). Whereas one might argue that the success of short-term compensatory programs should not be evaluated in light of their potential impact on longer term problems of poverty, certain categories of compensatory programs (such as employment programs for civil works construction and rehabilitation) are targeted primarily to the poor. In such cases, it is legitimate to consider the long-term effects of short-term programs. {Footnote 13}

If one accepts the view that poverty alleviation requires a multifaceted strategy involving, at a minimum, interventions related to income generation (and agriculture in rural areas), education, and health, then addressing each of these in isolation has obvious shortcomings. Such an approach might lead to defining the problem in narrow technical terms (cost-effective targeting of the poor, increasing crop yields, building roads to correct engineering specifications, ignoring the role of income in sustaining social service consumption, and so on), while neglecting more fundamental growth and developmental concerns. Ultimately, for compensatory programs primarily aimed at improving the lot of the poor, short-run relief concerns must be cogently linked to an understanding of the causes of poverty and a long-term public commitment to poverty alleviation. This fact is the main lesson that can be extracted from the following discussion of the Chilean experience with employment generation under the Pinochet regime.

The Chilean Emergency Employment Programs

The Chilean experience with social safety net programs reaches back to the 1920s; however, prior to the military takeover in the early 1970s, much of the financial assistance went to the nonpoor, especially miners and rail workers, because of their greater political strength. Reorienting these social expenditures was a major element of the Chilean adjustment experience. Major elements of post-1973 Chilean adjustment and stabilization programs are summarized by Meller (1990) and include the following:

Movement from a multiple exchange rate system to a unified one.

Replacement of high tariffs (average 94 percent with maximum of over 200 percent) and quotas with a flat import tariff of 10 percent (automobiles excluded) and removal of nontariff barriers.

Significant reductions in public employment and various tax reforms, which led to fiscal surpluses by 1979-1981 after massive prior deficits.

Privatization, which reduced the number of state-owned enterprises from 500 to 25.

Extensive liberalization of domestic and external capital markets, which included market-determined interest rates, reprivatization of previously nationalized banks, removal of state credit controls, removal of controls on external capital movements, and shift of demand for external credit from the state to the private sector.

Forcible repression of union activity, end of collective bargaining, relaxation of labor laws related to dismissal procedures, and restrictions on the minimum wage and nonwage benefits. These led to severe cuts in real wages.

The Chilean experiment has been categorized as a program of monetarist orthodoxy, which simultaneously contracted demand and opened the economy to external competitive forces. The initial effect was a surge of unemployment that grew from 4.8 percent of the population in 1973 to 17.6 percent in 1975. {Footnote 14} By 1975, real wages had fallen to only 62.9 percent of their 1970 level and, through 1985, never recovered to their 1970 level. At the same time, there was a marked improvement in most social indicators over their pre-1973 levels. Neonatal infant mortality fell steadily from 31.7 per 1,000 live births in 1970 to 9.9 per 1,000 in 1985. Similar trends were apparent for all other age cohorts to age 14. Percentages of undernourished 0-5 year olds (as recorded in Ministry of Health establishments using weight-for-age criteria) also fell from 15.5 percent in 1975 to 8.7 percent 10 years later.

Despite these objective successes, much controversy swirls around Chilean social programs instituted under the Pinochet regime. The Pinochet regime was successful in more effectively targeting assistance to the poorest of the poor and in excluding the nonpoor. However, the regime's overwhelmingly authoritarian approach created a dilemma: The poor gained greater access to public assistance but in a way that created dependency by not calling on recipients to seek solutions to their problems. Moreover, the Government made it clear that enrolling in public programs socially stigmatized people, making it even harder for participants to break out of poverty.

Beginning in 1974, the Government started efforts to thoroughly revamp safety net programs in the following areas: public works employment, mother/child feeding, school lunches, housing, health care, and social security. According to Graham (1991), the military Government had two major goals in restructuring these programs. The first was mainly political: to curb the power of labor unions, which had constituted the backbone of the previous Allende regime's support. The second goal was more economic and technocratic: to get relief services to the poor as cost-effectively as was possible.

The new approach to social programs was partially implemented through the Emergency Employment Program composed of two elements-the Minimum Employment Program (PEM) and the Occupational Program for Heads of Household (POJH). At their height in 1983, these programs employed 500,000 people, or 11 percent of the Chilean work force. They were by far the largest employment programs in Latin America.

Targeting was of two types: self-targeting and administrative. The PEM effectively self-targeted beneficiaries by setting wages at 25 percent of the legal minimum wage and requiring that participants be unemployed. POJH administrators determined eligibility for social programs with a sophisticated poverty index based on a household survey administered by municipalities, which placed households in income deciles. The Emergency Employment Program was very effective in providing employment to women who were institutionally discriminated against in formal labor markets. By 1983, approximately 75 percent of all participants were women.

All social programs were under the control of regional authorities and were administered by municipalities. Although decentralization was one of the stated goals of the Emergency Employment Program, in practice the program's activities became a vertical extension of central government authority, since the central government, whose harsh authoritarian nature prevented any development of grassroots initiatives, appointed all municipal officials. Instead, claimed some critics, program activities were used as tools to discourage such efforts.

The Emergency Employment Program efforts were viewed purely as short-term relief. There was no recognition that program investments could help improve the lot of the disadvantaged beyond the direct employment benefits, nor were there any long-term strategies addressing the problem of reducing the poor's dependency on public assistance beyond counting on a trickling down from overall economic growth. According to Graham (1991), the notion of human capital investment was foreign to Emergency Employment Program administrators, as reflected in the highly regressive nature of some of the public works projects chosen for Emergency Employment Program labor: an air force aerodrome, an access road leading from the national airport to the most affluent Santiago suburbs, amphitheaters, and football stadiums.

By and large, the program did not improve the future earning prospects of participants because the work required minimal skills and the programs did not feature on-the-job training. Ideally, short-run relief should increase participants' self-help capacity, but in Chile many participants were stigmatized as lazy and incompetent because of their association with the Emergency Employment Program.

Ultimately, the program failed to provide a coherent strategy for linking short-run relief with long-run poverty alleviation. While some might argue that addressing poverty alleviation is irrelevant in the context of short-run compensatory programs, it makes little sense to ignore the potential long-term consequences of short-term programs. In the short run, the Emergency Employment Program played a role in reducing unrest during economic hard times by providing much needed primary income to female-headed households and supplementary income to women in male-headed poor households. Nonetheless, although a top-down authoritarian approach might be suitable for emergency relief, it is clearly incompatible for poverty alleviation where the objective should be to assist people in developing the capacity to solve their own problems.

The Senegal Civil Servant Redeployment Program {Footnote 15}

Senegal has a long history with structural adjustment lending, with four Structural Adjustment Loans (SALs) through the 1980s and early 1990s. Despite this long history, many observers seriously question whether the Government of Senegal has been consistent in its commitment to economic reform. {Footnote 16}

Over the years, central elements of Senegalese adjustment have included rationalization of public and parastatal agencies through termination of redundant staff, elimination of direct and indirect subsidies, and implementation of contract plans between the central Government and parastatal bodies. As in other countries in the Franc de la Communaut, FinanciŠre Africaine (CFA) zone, the adjustment process has been complicated in Senegal by the fact that exchange rate policy is not an available tool for increasing the competitiveness of the Senegalese productive sectors.

Although no firm current figures exist for the number of public and parastatal layoffs resulting from adjustment, the layoffs do not come close to that of Ghana. From a high of 68,800 in 1985, civil service employment had fallen only slightly, to 66,500 by 1988. {Footnote 17} Senegalese authorities have been quite effective in resisting donor initiatives to pare down public sector employment.

The Government of Senegal has created programs for adjustment's perceived losers, but, by and large, the concern has been more with the educated unemployed than with poorer elements of society who may have been harmed by other fiscal reform measures, such as reductions in fertilizer subsidies (Berg and Associates 1990). From 1982 to 1986, the Government spent nearly 7 billion CFAF ($20-$25 million) on employment projects. Eighty percent of this amount was devoted to the maitrisard program, a program consisting of subsidized loans to recent university graduates. {Footnote 18}

In 1987, the Directorate for Insertion and Reinsertion into Employment (DIRE) was created during SAL III. Loans from two credit funds, the Fonds National d'Emploi and the Fonds Sp,cial, were targeted to laidoff parastatal workers, civil servants, and recent university graduates. This $11 million effort was funded by the Government of Senegal, the World Bank, the African Development Bank, the United Nations Development Programme, the International Labor Organization , Japan, and the Islamic Development Bank. DIRE was administered by government line ministries and provided interest-free loans from $10,000 to $50,000 for creating small-scale enterprises.

DIRE, some of whose main accomplishments are summarized in Table 8, suffered from political manipulation, administrative problems, and poor design. Of the original $11 million, approximately $3 million simply disappeared. With the remaining money, slightly less than 500 loans were approved, and, of these, 32 percent of the new enterprises went bankrupt within 2 years.

Approximately one out of every five loans did not correspond to proper criteria and was probably granted on political grounds. Although DIRE had a training component for assisting potential applicants in applying for loans and establishing their businesses, few applicants took advantage of it. Interestingly, the highest proportion of successful enterprises (and what constitutes "success" is admittedly somewhat arbitrary) were those created by former rural development parastatal agents investing in agriculture and livestock. In other words, investments were more likely to succeed in areas where the recipient already had expertise; this lessened recipients' interest in training. There was no systematic monitoring of loan recipients. Although DIRE was part of the Government (as opposed to being an autonomous unit), it duplicated roles of at least four other government agencies with employment policy responsibility.

In the design and implementation of DIRE, little thought was given to the opportunity cost of the funds disbursed. Using various approaches, project evaluators estimated that the cost of creating a single informal or formal sector job was between $7,000 and $11,000, with formal sector jobs being more expensive, although not necessarily more productive. The dubious nature of many of the businesses created, their lack of creditworthiness, and the inefficiency with which funds were administered limited any second-round employment benefits for the poor that might have resulted from creating new businesses. In short, the efficiency of this program in creating value-added was very low.

Although no quantitative data were available, observers strongly suspected that many of the funds were used for current consumption rather than investment. Extended-family pressures made this almost certain. Many of the loan recipients either did not understand that they had an obligation to repay the funds or felt they had a right to the money as laidoff public employees who had always assumed they would have a secure government job for life.

Funds were kept in a bank account prior to disbursement, but potential loan recipients interacted only with the DIRE secretariat. The bank therefore was a repository of funds only, not a creditor. As such, loan recipients did not face any of the rigors normally associated with getting a loan, nor did the bank have any role or incentive to screen viable loans from nonviable ones.

However, even if the project had been designed in a more market-oriented way, it is questionable whether any commercial bank would have been interested in processing loan applications due to their management intensity and low potential bankability. Similar problems occurred in the USAID-supported Voluntary Early Departure Program in Mali where loan applications for new businesses were to be reviewed and approved by commercial banks for those who chose to leave the civil service. While a severance pay scheme was part of the Mali program and was well implemented, not a single loan had been granted nearly 1 year after the inception of the program. Banks cited low bankability of projects, lack of viable collateral, and poor dossier preparation (despite the fact that the program provided funds for dossier preparation by local consulting firms). Program evaluators concluded that severance payments had been more successful than a complicated training, studies, and loan program in generating new business. {Footnote 19}

All of these factors contributed to a very low repayment rate in the Senegal program. Evaluators estimated it to be roughly 10 percent, although poor accounting made it difficult to come up with a precise figure.

Program evaluators identify five preconditions of a successful loan program for severed public employees. Unfortunately, they were all absent from the DIRE experience. They are as follows:

Institutional know-how on the part of both the public and private sector for successfully implementing such programs

Participation of commercial banks with experience in small-scale enterprise lending in a way that exposes loan recipients to the rigors of commercial lending and provides proper incentives to the bank to make viable loans

Establishment of clear and transparent criteria for loan approval based on potential investment profitability

Establishment of mechanisms for monitoring and supervising new businesses

A coherent macro-level strategy for employment promotion

Several additional comments are germane here. First, as with the credit scheme in Ghana, one must seriously question the wisdom of waiving well-established guidelines related to successful design of credit programs. Subsidized credit, granting loans to people with no prior business experience, lax accounting procedures, and absence of transparent and objective criteria for loan approval can only lead to failure. Structuring redeployment programs in a way that increases the involvement of commercial banks is also problematic. It is unclear how incentives could be structured to attract participation by commercial banks, unless donors assumed all default risks and banks were assured of lucrative management fees. However, if the bank bears no risk, the objective of exposing redeployees to the real rigors of applying for commercial credit would be defeated. Placing loan processing with NGOs is one possible solution, but this too raises problems. Many NGOs with experience in small-scale lending programs might not view programs targeted to former civil servants as consistent with their overall objectives, which are geared more toward helping the poor. In addition, NGOs would have little leverage or willingness to enforce collection of delinquent debts when the need arose. Continuing to leave this responsibility with a government agency gives rise to the standard set of political complications.

Whether DIRE made the adjustment process more palatable is also open to question. The extreme narrowness of the beneficiary base and the presence of high levels of political cronyism would indicate that the answer is no. More fundamentally, and as alluded to above, many observers seriously question the extent to which Senegal has actually followed an adjustment process. Senegal's experience with adjustment and policy reform is more one of fits, starts, and stalls, than a linear progression onto an economic growth path. As one of the highest per capita recipients of aid in Sub-Saharan Africa, the Government of Senegal operates in an environment in which there are "lots of donors, lots of money, and a no-sanctions/soft-budget-constraint atmosphere" (Berg and Associates 1990). Ultimately, new businesses survive best in a growing economy. No matter how well a redeployment program is designed, positive impact will be severely constricted in a stagnant economy.

In such a poor economic environment, relatively small-scale efforts run by semiautonomous bodies with motivated workers not subject to civil servant pay scales and incentive structures can achieve limited success. To some extent, this is the case with another Senegalese program, the Program of Action for Youth Employment (AGETIP), a small social-investment fund run semiautonomously by a highly motivated and well-qualified staff recruited from the private sector. The Micro Projects Unit in Zambia, a similar small semiautonomous social investment fund program, achieved a degree of success in assisting NGOs with small projects during the Kaunda regime in the late 1980s and early 1990s. The success of this project was in sharp contrast to the Social Recovery Fund, implemented within a Zambian ministry context and fairly devoid of accomplishments.

Targeted Food Subsidies: The Mexico Tortibono Program

To reduce government spending, adjustment programs often include provisions to curtail food subsidies, which constitute a major drain on public resources. The modification or removal of food subsidies is often the most politically volatile component of reform packages. Although governments attempt to justify maintaining food subsidies by claiming that their removal would adversely affect the poor, there is a good amount of empirical analysis concluding that fairly small shares of subsidies actually reach the poor. In a political economy context (and somewhat cynically, perhaps), if it were only the disenfranchised poor who were hurt, removing subsidies would not be so politically disruptive.

A vast body of literature exists analyzing the design and implementation, as well as the economic, political, and social impacts of food subsidies. Although it is beyond the scope of this paper to review the literature, one or two points related to targeting subsidies merit discussion. Several adjustment programs have attempted to modify food rationing schemes (coupons and food stamps) by more efficiently targeting them to the poor. Such changes seek to lower government outlays and ensure that a larger portion of the potential benefits reach the poor. Although laudable from an efficiency and equity perspective, there are political problems that deserve special attention.

Mexico's experience with the Tortibono Program, a geographic and

commodity-based targeted food stamp program for tortilla distribution to the poor is reviewed in Ribe et al. 1990.
{Footnote 20} In 1983, Mexico eliminated global food subsidies as part of an adjustment package. Recognizing that elimination of this subsidy could have adverse effects on the poor, the Government instituted a food stamp program in 1987, which allowed recipients to purchase up to 2 kilograms per day of tortillas at 25 percent below the market price. Although the Government successfully narrowed the program to include only the poor (albeit with some leakage), the targeting had the effect of politically isolating the program as a "poor people's" program. Moreover, because the poor lacked political voice relative to other segments of the population, the Government failed to link the price of the food stamps to the price of tortillas during periods of rapid inflation, greatly reducing the real benefits of the program. This was similar to the experience in Sri Lanka where a targeted food coupon program intended to replace a longstanding one was not entirely successful because the value of the coupons did not keep pace with inflation.

Moser (1991) observes that geographic targeting under the Tortibono Program that excluded some poor areas and the overall level of benefits was not high enough to offset the losses in purchasing power occasioned by the 1983 subsidy reductions. The program reached only about 24 percent of eligible families while providing, on average, 9.5 percent of the 1989 minimum wage to those who gained access to the program. The low percentage of eligible families receiving assistance was mainly attributable to the inaccessibility of the state distribution outlets to the majority of the poor and to leakages resulting from lax administration and political manipulation.

One general lesson here is that any subsidy scheme seeking to target benefits more efficiently to the poor must be viewed within a political economy framework, as opposed to strictly technocratic analysis (Kanbur 1988). Because such targeting involves transferring resources from more powerful to less powerful groups within society, special care must be taken to ensure that the targeting does not politically isolate the poor. Such isolation can dilute the benefits of compensatory programs for the poor thus increasing their food insecurity. To the extent that the poor become more vulnerable under adjustment, governments and donors should take care that real subsidy levels of programs efficiently targeted to the poor are not substantially cut.

Another point to keep in mind is that universal subsidies are often grossly inefficient, with a generally inequitable distribution of benefits, favoring the rich relative to the poor. However, in most cases, eliminating such subsidies will have an adverse impact on the poor if donor and government policymakers are not vigilant in ensuring that the poor continue to receive adequate levels of assistance.

Summary Discussion

As detailed in Section 3, more than 24 multisector programs are currently in the design or implementation stage. It is too early to definitively evaluate the success or failure of these programs, but there is reason for concern. Despite the shortcomings of the ESF, no other multisector program has come close to its level of success. As Ribe et al. (1990) explain, all other operating multisector programs at the time of the study were experiencing mediocre performance for a variety of reasons: weak institutional capacity of host governments, poor host government and donor coordination, overcomplicated design with too many disjointed activities, and numerous bureaucratic delays related to lining up funding and ironing out procedures for using funds. According to Ribe et al. (1990), one reason for this seeming disarray is that multisector programs were typically designed as addendums to structural adjustment programs, with little careful attention devoted to determining how the multisector programs would be integrated into the adjustment process or to how the various component parts were to complement each other. They advocate incorporating multisector programs as integral parts of adjustment programs, and designing them concurrently with structural adjustment programs.

After making the case that empirical evidence does not support the claim that the poor in Africa have been inordinately hurt by adjustment programs, Sahn (1991) discusses the attractiveness of multisector compensatory programs to recipient countries and donor agencies. The argument that the poor are hurt by adjustment may be useful in drawing more attention and resources to social programs. To the extent that this argument results in funding well-designed projects that actually address the needs of the poor, it is not bad. Recipient governments view the resources devoted to such programs as additional to the aid they would have otherwise received. Moreover, whether or not this argument is correct, such programs have been fashionable among donors. "Redressing the social costs of adjustment" has certainly entered the vocabulary of many donor circles. As Table 6 makes clear, donors have devoted substantial resources to programs aimed at mitigating the social costs of adjustments. Although data are unavailable, host governments have also contributed. It is hard to believe, however, that these funds have no opportunity cost. Moreover, once entitlements have been "temporarily" granted, it is often difficult to remove them because the political costs may be substantial.

In terms of public budgets, many multisector programs are financed off-budget; they neither enter into the investment budget nor are subject to the same types of financial oversight as on-budget expenses. While this approach might be said to increase the flexibility of policymakers in allocating resources, in most cases, the reality is otherwise: the lax controls lead to waste, mismanagement, and resource allocations based on political expediency rather than on any rigorous determination of development priorities.

According to Sahn, the greatest perceived benefit to recipient governments may be purely political. By stating that the purpose of such programs is to "redress the social costs of adjustment," governments deflect blame away from their failed economic and social policies. It aids in perpetuating the myth that structural adjustment is imposed from the outside, instead of recognizing its inevitability in the face of unsustainable macroeconomic policy regimes.

Donors have also been responsible for uncritically promoting (or at least not challenging) the idea that adjustment worsens poverty and, therefore, large amounts of external funding are required for multisector programs. This idea comes partly from a sincere conviction that adjustment is inimical to the poor, but also from less justifiable bureaucratic motives related to empire building and turf protection.

5 Conclusion

This paper highlights several issues that influence the probability of success or failure of compensatory programs. The issues examined are complex and the experiences vary widely from country to country. Moreover, because the paper is a desk study, it was undertaken over a brief period of time and involves no fieldwork. Consequently, the opinions offered should be viewed as tentative, rather than definitive pronouncements of lessons learned.

The discussion in this section is separated into conceptual and implementation issues. Conceptual issues relate to the role of compensatory programs in the structural adjustment process and whether they can be economically and politically justified. Implementation issues are more "nuts and bolts" and concern tentative lessons learned on what seems to work and what does not.

Conceptual Issues

For most of these social programs, stating that "redressing the social costs of adjustment" is the prime objective is inaccurate. This is not just a semantic issue. The failure to adhere to proper standards of truth in labeling has made it easier for several expensive ill-conceived programs, and subcomponents of programs, to obtain funding. The recurrent cost implications of these efforts have not been seriously explored. "Crash" programs have been instituted in areas that call for a more careful long-term approach to poverty alleviation. Moreover, governments and donors who emphasize the social costs of adjustment often abdicate their role in educating the public about the potential social benefits of adjustment. In their rhetoric and in design of social programs, governments and donors would do better to emphasize the areas of complementarity between adjustment with growth and long-term poverty alleviation, while recognizing that a limited number of short-term measures with clear objectives and simple implementation procedures may be justified.

With the exception of redeployment and severance pay schemes for former public employees, few instances exist in which analysts and decision-makers have coherently thought out the cause and effect implications of adjustment measures on income distribution and then incorporated these into compensatory program design. There are probably several reasons for this. Early compensatory programs were often designed as a hurried addendum to adjustment programs. Whereas much effort was frequently exerted lining up donor pledges, donors and governments spent less time seriously reflecting on who might be hurt by adjustment, realistically assessing the capacity of public bodies to effectively implement short-term programs, and designing appropriately targeted programs with these two factors in mind. For obvious political reasons, the greatest attention was usually devoted to the plight of civil servants and less often to, say, small-holder farmers who sold nontradables and who, in the face of currency devaluation, found it difficult to shift to producing tradable crops.

At the end of 1991, the World Bank was mandated to complete by 1995 poverty assessments for 32 Sub-Saharan countries and 22 Latin American and Caribbean countries (World Bank 1991). Usually based on secondary sources, these assessments should provide useful and timely input into improved design of compensatory programs. The assessments are often done within the context of adjustment programs and consider the distributional impacts of policy change. However, whether donors and governments will use this information wisely, whether they will frankly assess the capacity of developing governments to carry out multifaceted short-term programs, and whether they will design better programs is less clear.

Not much thought has been given to the opportunity-cost implications of these programs. Although under some criteria, the Bolivian ESF is viewed as a success, the program was expensive (approximately $180 million for a country of 8 million inhabitants). Thus a legitimate question is whether these funds could have been put to a more valid long-term use. The Ghana PAMSCAD was also expensive ($96.3 million) and very management intensive. However, it was far less successful than the ESF. Although some of these funds might have been additional in the sense that donors would not otherwise have contributed, it is doubtful that the whole of such large sums can be viewed as additional. Also, it is not possible to argue that substantial host government contributions were additional. Extremely limited public funds undoubtedly have a very high opportunity cost. Human capital also has a substantial opportunity cost in developing countries, and these programs require considerable high-caliber management skill and intensity to succeed.

If effectively implemented, multisector programs have a role to play in lending legitimacy to the adjustment process. The ESF was very successful in demonstrating the Bolivian Government's commitment to alleviating the suffering brought on by economic deterioration. The fact that results came fairly quickly made a difference. However, assisting in the political arena did not require that the losers from adjustment be compensated. Rather, the ESF gained its legitimacy from being a transparent and apolitical mechanism for reaching a broad base of the population. Multisector programs can also complement the adjustment process if their view of the private sector is consistent with that of the adjustment program. For example, the ESF functioned as a clearinghouse and quality control agent for contracts between NGOs, local governments, and the private sector. Construction work was let out to the private sector, thus stimulating its growth as opposed to displacing it.

With regard to multiagency, multisector programs, there is strong reason to doubt their efficacy as truly integrated approaches to short-run poverty alleviation and relief. They are integrated approaches only to the extent that effective coordination exists between implementing government agencies and donors. In most cases, however, coordination has been lacking and performance has been very uneven. Moreover, the design of subcomponents needs improvement to make subcomponents more consistent with the extensive knowledge base about what works and does not work for each type of project or program. Short-term crash programs in areas where it is commonly accepted that a long-term commitment is essential (e.g., credit and career training) should be seriously questioned.

There is a paucity of information on the long-term implications of these short-run programs on public and private carrying capacity. With regard to multisector programs, little analysis has been done on the issue of recurrent cost. These recurrent costs are of two types: (1) those of national institutions that will continue to implement projects or investment funds after donors end their funding, and (2) local-level costs for the large number of small projects created.

The first is not an issue if the temporary institutions created to implement compensatory programs are actually phased out. However, this is not always the case. There is not yet much of a track record from which to glean lessons on effective ways of transferring responsibilities of temporary semiautonomous institutions, such as the ESF, to line ministries.

The second concern will always be relevant in cases where social infrastructure, such as schools, clinics, or roads, is created and operating expenses are needed to sustain their benefits. The ESF and other similar programs that experienced some short-term success should be reevaluated at some point to determine how much of the infrastructure created has been maintained and whether related expenses have continued to be provided by local communities or government.

Implementation Issues

For compensatory programs to be successful, governments must be committed to them, independent of donor agendas. The Bolivian Government initially conceived ESF and the program had support at the highest levels. Key officials also maintained a clear vision of its objectives throughout its life. The competing claims of donors were managed by the Bolivians toward ends articulated by the Bolivians. In contrast, it is unclear to what extent the Ghana PAMSCAD program was a truly Ghanaian initiative. It appears that donors pursued their own agendas, with little overall coordination from the Government of Ghana. When governments are merely passive recipients of programs mainly initiated and funded by external donors, the probability of program success is far more limited.

Governments and donors need to take a hard look at the capability of existing institutions to implement short-run social programs cost-effectively and rapidly. When it is economically and politically imperative to get results quickly, funding agencies should strongly consider setting up an independent agency if no previous track record exists of government entities successfully implementing social programs. A major reason for the success of the Bolivian ESF in getting many projects identified and implemented in a short period of time was its existence outside of normal government channels. Clearly, it would not have been as successful in the short run if it had been made part of one or more line ministries, which were notoriously inept. Efforts of the Chilean Emergency Employment Program were implemented within existing ministries but achieved some success because of the long Chilean experience with social programs. Because the Government of Ghana lacked existing institutional capacity, PAMSCAD was less successful in quickly disbursing funds to intended recipients. Nearly half of the funds were expended on government administrative overhead, while substantial delays kept the remaining half from reaching beneficiaries.

Care should be taken to ensure that compensatory programs targeted to the poor do not create a social stigma making it harder for the poor to escape poverty. This concern is one reason for linking short- and long-run poverty alleviation strategies. Ignoring the long-term effects of such efforts simply on the basis of the short-term nature of compensatory programs is irresponsible. If a stigma is attached to aid in the short term, finding employment later on may be more difficult for the poor. In the long run, the aid will only heighten the dependency of the poor on public handouts. To the greatest extent possible, a demand driven approach should be followed, which allows recipients to define and seek solutions for their own problems. A related issue deals with targeted food subsidies. Improved targeting to vulnerable groups may lessen the political appeal of programs that consequently may no longer benefit more vocal social groups.

The long-run potential of emergency public employment programs to build job skills is probably overestimated. On-the-job training achieved minimal success in Bolivia and Chile because most of the tasks required few, if any, skills. In addition, the primary goal of crash employment programs is generally to provide wages to as many people as possible in a short time span. Such interventions do not double very effectively as training programs, which require smaller numbers of participants and greater management intensity. In addition, it is questionable whether training performed within the context of redeployment programs is viable or worth the cost. Participation rates were very low in Ghana, Mali, and Senegal. Although the reasons for low participation are not entirely clear evidence suggests that it has less to do with the quality of training offered than with the desire of redeployees to work in areas in which they already have some expertise.

The Potential Role of USAID

USAID should be cautious in becoming further involved in short-run compensatory programs undertaken within the context of structural adjustment. First, most of these programs are not really compensatory in nature but are instead aimed at alleviating poverty. They should therefore be designed and evaluated as such. The multisector, multiagency type of program does not have a good track record because of the complexity of coordinating ministries and donors, unclear objectives, and the weakness of public institutions called upon to administer them. Third, crash programs should be avoided where lessons learned over 30 years of development experience dictate that carefully designed medium- to long-term efforts are required. The best example here is a credit program.

From a political perspective, compensatory programs appear to have had an impact in increasing the legitimacy of economic reform in the eyes of the populace. However, this is more the case for programs that effectively reach a broad base of support and develop reputations for streamlined administration and integrity. In most cases, it is probably erroneous to posit that "buying off" the relatively well-off losers from adjustment earns the adjustment program much legitimacy. In such cases, benefits go to a very small group of people and only reinforce the perception that elites can continue to get away with "business as usual" while the general population continues to suffer. Secondary information seems to indicate that social investment funds administered by semiautonomous units have a greater probability of disseminating resources to grassroots organizations more quickly and effectively than multicomponent programs run through line ministries. Yet, as large-scale efforts, social investment funds may be most successful only under very special conditions: presence of a government that feels ownership of economic reform programs and is committed to broad participation in the development process, high-level political officials committed enough to helping the poor that they will waive standard spoils system practices (at least temporarily), and an implementing agency staffed by dynamic and qualified individuals. Although such conditions prevailed in only a handful of Sub-Saharan African countries several years ago, there may now be more such cases in countries where there have been radical, noncosmetic moves toward broader participation in government (Benin, Mali, Zambia, and so on). If properly designed and implemented, ESF-style programs may have a substantial short-run positive impact that furthers legitimate economic and political goals for fledgling governments sorely in need of displaying their ability to govern and respond to people's needs.

Even though compensatory programs seek short-term gains, a look into their long-run economic and social implications is still necessary. Because such funds have not been in existence for very long, empirical evidence on their impact remains sparse. Further study is needed on potential multiplier effects, recurrent cost implications of development activities funded, contributions to poverty alleviation, appropriate institutional design and sustainability, potential for reinforcing local institutions (NGOs, cooperatives, and local government), and appropriateness as a democratization initiative.

With regard to the sector-by-sector programs such as redeployment programs and credit schemes, it would be useful to follow some of the businesses created under these programs over a period of several years to determine elements that contribute to their survival and failure, profiling the types of redeployees who have the highest potential of starting and sustaining a business. In addition, a closer assessment of the training needs of redeployees is warranted, since it remains unclear what type of training the redeployed desire. Another important issue concerns better identification of the potential role of commercial banks in the loan approval and monitoring process.

This study deals in general terms with the experience of several donors in implementing a wide array of activities labeled (sometimes inaccurately) as compensatory programs. It would also be beneficial to narrow the focus of any follow-on study in three ways: (1) making it USAID specific, (2) covering only a few types of compensatory programs (such as financing of severance pay, credit programs for severed public sector workers, retraining programs, public employment programs, and targeted food subsidy programs), and (3) considering in greater detail the operational aspects of USAID program design and implementation. The objectives of such follow-on work should be as follows:

Assess the economic, social, and political contribution of compensatory programs to the adjustment process

Identify strengths and weaknesses in the design and implementation of USAID-supported compensatory programs, both at the policy level and operationally

Formulate recommendations targeted to USAID decision-makers on the nature of future commitments to these types of interventions

FOOTNOTES:

1. USAID was one of several donors that financed the Bolivia and Ghana programs.
2. A major exception is the CFA (Franc de la Communaut, FinanciŠre Africaine) franc zone in West and Central Africa.
3. There may also be substantial financial costs to governments because of legal requirements mandating severance pay and other benefits.
4. The term vulnerable needs clarification. In the context of

adjustment, the vulnerable are not necessarily synonymous with the poor. Rent-seeking cronies of powerful politicians may be rendered vulnerable by economic reforms that institute a more level playing field. They become vulnerable as their opportunities to earn income from economic rents are curtailed. The vulnerability of the poor arises from a reduced capacity to meet basic human needs.

5. Table 3 provides information on only 13 multisector programs in 11 countries. This is because detailed information could not be obtained for programs in all 24 countries.
6. Other donors included the United Nations Development Program, the Inter-American Development Bank, Switzerland, Germany, Great Britain, Canada, Holland, Italy, Sweden, and the Organization of Petroleum Exporting Countries (also see Table 6).
7. An exact national figure is unavailable. This estimate is based on changes in the La Paz consumer price index (Cariaga 1990).
8. Much of the discussion of ESF accomplishments is derived from Jorgensen et al. (1991).
9. For each potential project, ESF appraisers relied on a handbook, which specified unit costs for elements of each type of infrastructure project (road improvement, schools, housing, sewers, water, and so on). Rudimentary internal rate-of-return analyses were also performed to screen projects.
10. These payments were not part of the ESF program, but were mandated by the Government's labor laws.
11. Most information describing elements of the adjustment programs is from the World Bank study, "Ghana: Progress on Adjustment," April 1991.
12. Data are lacking on the potential multiplier employment effects of financing existing businesses.
13. The discussion on Chile considers the poverty alleviation issue, whereas the Senegal discussion does not, reflecting the fact that the Chilean program targeted the poor. In contrast, the Senegal program targeted former public employees and university graduates who were better off relative to the rest of society.
14. This figure includes those employed by the Emergency Employment Programs, the majority of whom would almost certainly have been unemployed in the programs' absence. All data in this paragraph are from Raczynski 1987.
15. Much of this section is based on interviews conducted in February 1992 with Carol Graham (Brookings Institute), who did fieldwork in late 1991 in Senegal under World Bank funding, and Eliane Karp-Toledo, the World Bank task officer for the program.
16. For a detailed discussion of this complex issue, see Berg and Associates 1990.
17. Public enterprise employment totalled 24,000 in 1984. No summary figures have been available since.
18. University graduates may be considered to have lost from adjustment because, prior to adjustment, they were traditionally absorbed by the ever-growing public sector. When public sector hiring stagnated in the latter half of

the 1980s, many new liberal arts graduates found themselves without options.

19. For more detail on the Mali Voluntary Early Departure Program, see Metametrics Inc. 1988.
20. Corn products constitute 40 percent of food consumption for the poorest 10 percent of the population.

Bibliography

Addison, Tony, and Lionel Demery. 1987. The Alleviation of Poverty Under Structural Adjustment. Washington, D.C.: The World Bank.

Addison, Tony, and Lionel Demery. 1988. The Economics of Poverty Alleviation Under Adjustment. London: Overseas Development Institute.

Alderman, Harold. 1991. "Downturn and Economic Recovery in Ghana: Impacts on the Poor." Monograph 10. Washington, D.C.: Cornell Food and Nutrition Policy Program.

Alderman, Harold. 1991. "Food Subsidies and the Poor." In Essays on Poverty, Equity and Growth. Edited by George Psacharopoulos. Oxford: Pergamon Press.

Berg and Associates. 1990. Adjustment Postponed: Economic Policy Reform in Senegal in the 1980s. Bethesda, Maryland: Development Alternatives, Inc.

Berg, Elliot, and Graeme Hunter. 1991. "The Social Impacts of Structural Adjustment: Evidence From Latin America." Draft.

Cariaga, Juan L. 1990. "Three Policy Experiments: Bolivia." In Latin American Adjustment: How Much Has Happened? Edited by John Williamson. Washington, D.C.: Institute for International Economics.

Cornia, Giovanni Andrea, Frances Stewart, and Richard Jolly. Editors. 1987. Adjustment With A Human Face. A study by UNICEF. Oxford: Clarendon Press.

Government of Ghana. 1987. Programme of Actions to Mitigate the Social Costs of Adjustment. Accra: Government of Ghana.

Graham, Carol. 1991. "From Emergency Employment to Social Investment: Changing Approaches to Poverty Alleviation in Chile." Brookings Occasional Paper. Washington, D.C.: The Brookings Institution.

Graham, Carol. 1992. "The politics of implementing pro-poor measures during adjustment: Bolivia's Emergency Social Fund." World Development 20 (9): 1233-1251.

Grootaert, Christiaan, and Timothy Marchant. 1991. "The Social Dimensions of Adjustment Priority Survey: An Instrument for the

Rapid Identification and Monitoring of Policy Target Groups." Social Dimensions of Adjustment in Sub-Saharan Africa Working Paper No.12. February. Washington, D.C.: World Bank.

Grosh, Margaret. 1990. "Social Spending in Latin America, The Story of the '80s." World Bank Discussion Paper No. 106. Washington, D.C.: World Bank.

Jorgensen, Steen, Margaret Grosh, and Mark Schacter. 1991. Easing the Poor Through Economic Crisis and Adjustment: The Story of Bolivia's Emergency Social Fund. Latin America and the Caribbean Technical Department, Regional Studies Program Report No. 3. Washington, D.C.: World Bank.

Kanbur, Ravi. 1988. "The Principles of Targeting." Prepared for a World Bank Symposium on Poverty and Adjustment. Washington, D.C.: World Bank.

Kanbur, Ravi. 1990. Poverty and the Social Dimensions of Structural Adjustment. SDA Policy Analysis. Washington D.C.: World Bank.

Meller, Patricio. 1990. "Three Policy Experiments: Chile." In Latin American Adjustment: How Much Has Happened? Edited by John Williamson. Washington, D.C.: Institute for International Economics.

Metametrics Inc. 1988. "Rapport d'Evaluation du Programme de D,part Volontaire des Fonctionnaires … la R,traite Anticip,e (PDV)." USAID/Bamako.

Moser, Carolyn. 1991. "Urban Poverty in the Context of Structural Adjustment: Recent Evidence and Policy Responses." Unpublished. Washington, D.C.: World Bank.

Newman, John, Steen Jorgensen, and Menno Pradhan. 1991. "How did workers benefit from Bolivia's Emergency Social Fund?" The World Bank Economic Review. Washington, D.C.: World Bank.

Raczynski, Dagmar. 1987. "Chile." In Adjustment With A Human Face. Oxford: Clarendon Press. (See Cornia et al.)

Ribe, H., S. Carvalho, R. Liebenthal, P. Nicholas, and E. Zuckerman. 1990. "How Adjustment Programs Can Help the Poor, the World Bank Experience." World Bank Discussion Paper No. 71. Washington, D.C.: World Bank.

Sahn, David E. 1991. Has Policy Reform Hurt the Poor in Africa? Cornell University Food and Nutrition Policy Program. Washington. D.C.

Skillings, Robert, Alexandre Marc, and Roza Makonnen. 1990. "The Design of Social Action Programs Under Structural Adjustment." Draft. Africa Region, Social Dimensions of Adjustment Unit. The World Bank.

United Nations Development Programme (UNDP) Central Evaluation Office. 1990. The Social Dimensions of Adjustment (SDA) Project: An Interim Evaluation. Vols. I and II. New York: United Nations Development Programme.

World Bank. 1988. "PAMSCAD Donor Review Mission: Draft Report." Washington, D.C.: The World Bank.

World Bank. 1988. "SDA Project Summary." Africa Regional Office, SDA Project Unit.

World Bank. 1990a. Bolivia: Poverty Report. Washington, D.C.: The World Bank.

World Bank. 1990b. The Treatment of Social Impact in Adjustment Programs Supported by the World Bank. Policy and Review Department. Washington, D.C.: World Bank.

World Bank. 1991. Ghana: Progress on Adjustment. Washington, D.C.: World Bank.

World Bank. 1991. Operational Directive 4.15: Poverty Reduction. Washington, D.C.: World Bank.

World Bank. 1991. "Targeted Poverty Projects Supported by The World Bank: A Review of Operations Approved during FY85-89." Policy and Review Department. Draft. Washington, D.C.: World Bank.

Zuckerman, Elaine. 1988. "Targeted Compensatory Programs: Preliminary Lessons from Experience." Draft. Country Economics Department. Washington, D.C.: World Bank.

Zuckerman, Elaine. 1990. "Adjustment Programs and Social Welfare." World Bank Discussion Paper No. 44. Washington, D.C.: World Bank.